

and the Kappan Of The Year from the Utica chapter of Phi Delta Kappa in 1993.

Dr. Waters's writings have focused on teaching and the shaping of young minds. He authored "Implications of Studies on Class and School Size for Programs in Business Education in the Public Secondary Schools" and "A Profile of Presidents of Historically Black Colleges and Universities." He also co-authored "Justice, Society, and the Individual: Improving the Human Condition" which was published in the 1978 Yearbook of the Association for Supervision and Curriculum Development.

Dr. Waters is not only a great educator, but a great rhetorician and historian. On numerous occasions, he has been called upon to represent the university at both state and national events. He has a great knowledge of history and a distinguished usage of rhetoric and philosophy.

On the campus, Dr. Waters is loved by administrators, students and faculty. His kindness and gentle manner are always appreciated, and his upbeat spirit and attitude are an attribute is caught by all who come in contact with him.

I commend Dr. Waters for all he has accomplished and all that he has yet to achieve. Dr. Waters is truly a shining star for Alcorn State University and for all Mississippians.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative assistant read as follows:

A bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for fiscal year ending September 30, 2000, and for other purposes.

Pending:

Lott (for Daschle) amendment No. 1499, to provide emergency and income loss assistance to agricultural producers.

Lott (for Cochran) amendment No. 1500 (to Amendment No. 1499), of a perfecting nature.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator from North Dakota for his willingness to let the Senate resume the bill. I appreciate very much also his efforts to try to identify the ways we can develop a comprehensive response to the disaster situation and the economic crisis that exists in agriculture today.

Last evening, before the Senate adjourned, the distinguished Senator from Indiana, Mr. LUGAR, spoke for about 30 minutes, focusing the atten-

tion of the Senate, as we should be focused, on the difficulties of designing a plan to deal with this problem in agriculture that affects all commodities, all regions of the country, because there are disparities around the country in terms of economic losses, weather-related damages to crops, and market influences in the agricultural sector. All of that means some farmers are doing fairly well.

There was an article in my home State press yesterday, as a matter of fact, talking about the aquacultural industry in the State of Mississippi, and what a good year those who are producing farm-raised fish are having in comparison with the other agricultural producers in our State.

This is probably replicated in many other States. Some farmers are having a good year but many are not. We are trying to identify ways we can design a program of special assistance to deal with those catastrophic situations where the Government does need to respond. It is my hope we can design a disaster program that sends money directly to farmers who need financial assistance rather than create larger Government programs with money going into the bureaucracy, or expanding conservation programs, as the first-degree amendment would do, and instead opt for the alternative that is the second-degree amendment which I have offered that sends the money directly to farmers.

I was called this morning by one of the network radio news reporters and was asked whether or not the program we are recommending is more loans for farmers. Farmers, he had heard, do not want more loans. I assured him that is not what we were proposing. We are not proposing that farmers be given more loans. We are proposing that they be given more money, direct payments, using the vehicle of the existing farm legislation that gives authority to the Secretary of Agriculture to make direct payments to farmers in the form of transition payments. We are doubling the amount of the transition payments in this second-degree amendment. That makes up the bulk of the dollar cost of the second-degree amendment as estimated by the Congressional Budget Office.

So I think we are on the right track in trying to identify the best way to help farmers who are in an emergency situation, to identify those who are in an emergency and to give them money in direct payments in this special situation.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, actually, I do not know whether it is a jump ball. I will be pleased to go in order, if we could do it that way. I see the Senator from Kansas was ready to speak, and the Senator from North Dakota. Can we alternate from side to side?

I ask unanimous consent to follow the Senator from Kansas. I didn't mean to beat him to the punch. I am anxious to debate.

Mr. ROBERTS. I have no objection to that whatsoever. I have about 15 or 20 minutes of remarks.

Mr. WELLSTONE. I will listen to my colleague and then ask unanimous consent I be able to follow.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Reserving the right to object, and I will not object, but if we are going to establish an order, and if there is an appropriate back and forth, I ask that I follow Senator WELLSTONE on this side of the aisle.

Mr. COCHRAN. Rather than agree to that, and I think it is a good idea to go back and forth from one side of the aisle to the other, we do not have a time agreement, and I think it is a mistake now to try to get a time agreement. Senator GRASSLEY, I know, was on the floor making notes a while ago. He stepped off the floor just now. I wouldn't want to jeopardize his right. He has been here for some time this morning.

I hope what we can do is, if the Senator from Kansas can proceed as suggested by the Senator from Minnesota, and then the Senator from Minnesota, at that time we can take a look and see who wants to speak. But I know the Senator from North Dakota is interested in this debate and participated in the debate yesterday. We look forward to hearing his comments again today.

Several Senators addressed the chair.

Mr. DORGAN. Reserving the right to object, I think the Senator from Mississippi misunderstood. My intention was to say if there is a request after Senator WELLSTONE to speak on that side, I understand that. But if we are going to establish an order, because I am here and would like to speak, I am happy to leave and come back at an appropriate time. If we going are to establish an order now, I would like to be in that order.

Mr. COCHRAN. Mr. President, if the distinguished Senator from Kansas will yield further, I had suggested we not try to establish an order. That was my response to the question. He asked if we were going to establish an order. My answer is, as the manager of the bill, I recommend against it at this point.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. HARKIN. Reserving the right to object, what is the unanimous consent request?

The PRESIDING OFFICER. The unanimous consent request of the Senator from Minnesota is, immediately following the remarks of the Senator from Kansas, he be allowed to speak.

Mr. WELLSTONE. May I clarify this? I had the floor. I was trying to be accommodating.

Mr. COCHRAN. Yes. He was.

Mr. WELLSTONE. I simply said, if the Senator felt I jumped in, beat him

to the punch, I would be pleased to follow the Senator from Kansas. I am ready to yield, or I will keep the floor. Shall we do that?

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. ROBERTS. Who has the floor?

The PRESIDING OFFICER. The Senator from Minnesota has the floor and has propounded a unanimous consent request. Is there objection?

Mr. COCHRAN. Reserving the right to object, I was thanking the Senator from Minnesota for his graciousness, for his generosity of spirit, for his courtesy to the Senator from Kansas. I appreciate that very much, as the manager of the bill. I think what he suggested was eminently fair.

The PRESIDING OFFICER (Mr. ENZI). No objection is heard. Without objection, it is so ordered.

The Senator from Kansas is recognized.

Mr. ROBERTS. I thank my colleagues.

Mr. President, I rise to discuss the need to provide emergency financial relief to our country's farmers and ranchers and to rural America in what will hopefully be short-term assistance that will allow our producers to meet their cash flow needs while Congress also pursues the long-term objectives needed to provide a profitable agriculture sector into the 21st century.

As one Kansas farmer told me recently: "Pat, in farm country today we are just not in very good shape for the shape we are in."

Farmers today, as many of my colleagues are pointing out, are struggling with depressed prices and cash flow difficulties, especially farmers who do not receive program payments under the current farm bill.

We can and should provide relief to enable our producers to get through these very difficult times, and the choice between the relief package that has been offered by Senator COCHRAN and that offered by Senator HARKIN will determine the kind and amount of assistance that will be forthcoming—or some other substitute.

In this regard, I have been urging Congress to act on a program of limited but effective assistance before this August break to send a strong signal to farmers, ranchers, and most important, the agriculture lending community. Land values have not tailed off, but the continuing stress certainly could lead to that. We need to nip that in the bud.

On the other hand, I do not believe it is in the interest of American agriculture to rewrite the current farm bill or to enact policy that will be market interfering, market disruptive, and lead us back down the road to command and control farm policy from Washington. Unfortunately, I believe both of the proposals that are before us today, or at least some aspects of those proposals, do fall into that category, especially the amendment offered by the distinguished Senator from South Dakota, Mr. DASCHLE.

I will discuss the shortcomings of these proposals later, but first let me point out, this emergency assistance debate is only part of the story. The rest of the story involves the drumbeat of rhetoric we have heard from our Democrat colleagues and friends across the aisle, and the Clinton administration, who, month after month, week after week, day after day, have blamed the 1996 farm bill, called Freedom to Farm, for the collapse of commodity prices, if not the end of production agriculture and family farms in the United States.

Reading the press releases, the resulting headlines, and listening to my colleagues, you would think the current farm bill was the result of some sinister plot concocted in the dead of night.

Apparently, they would like farmers and ranchers to believe our current farm policy is responsible for record worldwide production; increasing and record yield production and productivity; the worst international economic crisis since the early 1980s decimating our largest markets; record subsidies by the European Union, some \$60 billion; weather—too much rain, too little rain, the obvious drought in the Atlantic States, La Niña and El Niño; persistent plant diseases in the northern plains, and crop infestation in all other regions; new technology and precision agriculture; currency changes and the value of the dollar that have reduced American exports—that would be some farm bill. But those are the causes that have actually led to the low commodity prices.

In fact, the current farm bill came after 38 full committee and subcommittee hearings in the House Agriculture Committee during my tenure as Chairman, 21 of which were held in farm country—every region, every commodity—all open-microphone listening sessions. Extensive hearings were also held here in Washington on this side of the Capitol in the Senate Agriculture Committee.

Literally thousands of farmers and ranchers voiced their opinion. They overwhelmingly stated they wanted the Government to get out of their planting decisions, to quit interfering in the marketplace, so they could make their own marketing decisions based on what was best for their farms, their ranches, according to the market.

The bottom line, farmers told us there was too much in command and control that came from Washington. They were tired of standing in line outside the Farm Service Agency so that Washington could tell them what to plant in exchange for a Government subsidy.

As one 89-year-old Kansas farmer told us in Dodge City—and I quote:

I farmed for nearly 60 years and I never planted a crop that the government had not told me I could plant.

The single most important goal and rationale behind the 1996 farm bill was to restore decision making back to the

individual producer, i.e., the freedom to farm.

It is true—almost all of the speeches that have been made on the floor of the Senate, and all of the press conferences that we have heard all throughout farm country—it is true our commodity prices are depressed. Markets are depressed worldwide. Everyone involved in agriculture certainly knows and is dealing with that firsthand.

But as the saying goes in farm country: Comin' as close to the truth as a man can come without gettin' there is comin' pretty close but it still ain't the truth.

Or put another way, no matter who says what, don't believe it if it doesn't make sense. With all due respect to my colleagues who apparently believe the 1996 Farm Act is the root cause of problems in farm country, I do not believe that is simply the case.

I understand the politics of the issue. As scarce as the truth is, the supply seems greater than demand. And with Freedom to Farm, there is no demand amongst some of my Democrat friends.

But politics aside, I must admit I am both puzzled and amazed by the rhetoric we have heard over and over and over and over again. How can a farm bill that has provided on average more income assistance during difficult times over the past 3 years than occurred during the five-year average under the old farm bill be bad for farmers?

Let me point out that the market situation for all raw commodities is under stress. In addition to low crop prices, we have also been suffering through low farm prices for cattle, for hogs, for oil, for gold, for gas, and all raw commodities. None of these commodities has been covered by a farm bill—any farm bill. Is the current farm bill responsible for the market collapse in these commodities? Obviously not. But the causes that caused those low prices are the same ones that caused the problem with regard to farm country.

There was an interesting press report about a week ago. It was on the front page of a newspaper about the severity of the agriculture situation—and it is severe. The lead of the story said:

In the wake of dismal prairie farm income projections, agriculture officials emphasized the need for an improved long term safety net. If something is not done we are going to lose a lot of farmers.

But you know, that story was not about the United States; it was about Canada and their farm crisis. Canadian farmers are facing bleak prospects; and the same is true in Great Britain; and the same is true in Europe; and the same is true all over this world, in Latin America and South America, as well.

I do not think that Freedom to Farm caused their problems. This is a worldwide market decline, and as such is unprecedented.

What has caused the low commodity prices?

First, farmers worldwide have had good growing weather and produced record crops for 3 years in a row—unprecedented. That is what my good friend and colleague, the Secretary of Agriculture, Dan Glickman, said a few weeks ago when we attended a joint meeting—unprecedented record crops.

Second, we have experienced a world depression in regard to our export markets, both in Asia and Latin America and South America.

Third, the European Union is now spending a record \$60 billion—85 percent of the world's ag subsidies—on their subsidies.

Fourth, the currency exchange rates reduced the level of farm exports and farm prices. A 16-percent appreciation in the value of the U.S. dollar has been responsible for 17 to 25 percentage points of the decline in corn and wheat prices.

Fifth, a market-oriented farm program depends on an aggressive trade policy. In regard to trade, although it is very controversial, we did not do fast track. We had a very historic agreement with China, with bipartisan work on it, and then it was pulled back; and then it was followed by the bombing of the Chinese Embassy. That was not the intent, but that is what has happened. And we are about to put agriculture last—certainly not first—in the coming WTO trade talks in Seattle. We continue to employ counterproductive sanctions that punish U.S. farmers and reward our competitors with market share and have no effect on our foreign policy.

The administration has moved in this regard. We have bipartisan support for sanctions reform, but we still cannot use the USDA export programs in regard to making those sales.

Again, the cause for these low prices is not the 1996 farm bill. Quite the contrary, under Freedom to Farm—and I want everybody to listen to this—farmers in each State represented by most of the critics of the 1996 act have and are receiving more income assistance on average than they did under the old bill.

Under Freedom to Farm, farmers themselves—not Washington—have set aside their crop production and switched to other higher value crops. Nevertheless, we hear the mantra that we do not have a safety net.

Let me point out, for the past 3 years of the current farm bill we have provided transition payments—somehow or other in this debate the reality of transition payments over the 6-year life of the farm bill has been ignored. It is almost like they do not exist in the minds of the critics, but we have provided them. They are direct income support, and that amounts to approximately \$23 billion to our farmers and ranchers for the past 3 years of the bill.

On the downside, we have also provided nearly \$3 billion in what is called loan deficiency payments. That means the price goes below the loan rate. The loan rate was pretty low. We would

never have imagined we would have to use the LDP program, but we had to—\$3 billion. Recent estimates by the USDA are projecting possible LDPs totaling \$8 billion this year.

These numbers total to nearly \$34.5 billion by the end of 1999, and they do not include the \$6 billion in lost market payments and disaster relief that were paid to farmers in 1998.

If you add in the \$6 billion emergency package of last year, and the proposed assistance now being debated, the total is unprecedented—unprecedented—but even before these disaster payments you still had more income under the current farm bill than farmers would have received under the old one, under the 5-year average. So from that standpoint, I do think we have a safety net.

In the past 3 years in Minnesota, for the benefit of my dear friend and colleague, Senator WELLSTONE, the safety net for farmers under Freedom to Farm averaged \$136 million more in total payments compared to the state average under the old bill.

In South Dakota, the safety net for farmers under Freedom to Farm averaged for the past 3 years was \$58 million more than the state average under the old bill.

In North Dakota—Senator DORGAN and Senator CONRAD are two Members who fight for their farmers and believe very passionately that we must address this problem—\$15 million more; in Nebraska, \$109 million more; and in Iowa, the safety net for farmers under Freedom to Farm in the last 3 years provided \$162 million more than the previous bill.

Is it enough in regard to the problems we face that are unprecedented? Is it enough for the northern prairie States with border problems and wheat scab and weather you can't believe? I do not know. That is for those Senators and those farmers to determine. But there has been a significant increase in that direct income assistance to those producers.

Finally, for those who like roosters at the dawn and coyotes at dusk, crow and howl that we have ripped the rug out from underneath our farmers and the safety net, let me point out that during the first 3 years of Freedom to Farm, the average amount of income assistance to hard-pressed farmers was higher in every one of the 50 States than the 5-year average for each State during the previous farm bill. Again, these higher 3-year averages do not include emergency assistance that producers received through the structure of the Freedom to Farm Act that farmers received last year and they will receive this year when we finally get to the determination of whatever emergency package we should pass.

In making these statements, let me urge my colleagues to do their homework. Take time to read an assessment of the 1996 Farm Act by the Coalition for Competitive Food in the Agriculture System, published this June. In brief, the summary concluded the act

did not cause the low commodity prices—I mentioned the two causes—supported the underlying health of the farm economy, and has provided a strong safety net—yes, buttressed by the emergency legislation—and, one of the biggest conclusions, forces U.S. competitors to adjust to the world market.

There is a summary of this report, and I ask unanimous consent to have the summary printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

#### AN ASSESSMENT OF THE FAIR ACT

Food and agriculture remains the US economy's largest single economic sector, accounting for \$1 trillion in national income, and employing 18 percent of the nation's entire work force. Almost one-fourth of US economy.

In 1996, the US Congress passed historic farm legislation, allowing the US agricultural economy to respond to the global market. The FAIR Act provided farmers with a strong safety net, coupled with the freedom to plant for the market. It ended the counterproductive practices of taking good US cropland out of production and of setting a global price floor for all the world's farmers, which served only to intensify foreign competition against U.S. growers.

#### Fundamentals of the FAIR Act

- Eliminated planting requirements.
- Eliminated supply controls and acreage idling programs.
- Freed farmers to plant for the market.
- Eliminated variable deficiency payments.
- Provided guaranteed transition payments.
- Retained competitive price support levels.
- Retained marketing loans to prevent government stockpiling.

#### THE FAIR ACT DID NOT CAUSE LOW COMMODITY PRICES

The passage of the FAIR Act coincided with sea changes in the global economy, which have dramatically affected the US agricultural economy. Years of worldwide economic growth, particularly in middle income developing countries, led to rising demand for meat and animal feed. Increased market access achieved by the Uruguay Round Agreement, as well as regional agreements such as NAFTA, allowed US farmers to take advantage of that growth overseas. New technologies (biotechnology, precision farming, no till agriculture) were increasing crop yields at the same time as record high prices led farmers in the United States and overseas to expand acreage.

Two years after the enactment of the FAIR Act, the global economy suffered the worst international crisis since the early 1980s. The fast growing Asian economies, which together are the largest single market for US exports had been the fastest growing importer of US food and agricultural products, suffered dramatic reversals, as did Russia.

Asian demand was down 17 percent in 1998, and will be down another 23 percent this year. Ironically, sales to Mexico were up 17 percent, and NAFTA is the fastest growing market for U.S. farmers.

The sharp drop in demand for food and agricultural products coincided with record harvests in the United States, Brazil, Argentina and other food producing nations. Between 1993 and 1998, world wheat production has shifted from 65.4 MMT below trend to 31.7 MMT above trend—an increase in supply of nearly 100 MMT. World corn production has shifted from 52 MMT below trend in the early 1990s to 36 MMT above trend in the late

1990s—an increase of 88 MMT. Soybean production has seen similar trends, with production 7 MMT below trend in the early 1990s and 11 MMT in the latter half of the 1990s. As a result of these huge shifts in supply, world prices have dropped far from their uncharacteristic highs in the mid-1990s, to slightly below average levels, when compared to the first half of the decade.

**THE FAIR ACT HAS SUPPORTED THE UNDERLYING HEALTH OF THE FARM ECONOMY**

During the tenure of the FAIR Act, the underlying financial health of the sector has improved, when compared to the first half of the 1990s. Total farm assets were 18 percent higher than the 1990-94 average in 1996 and are estimated to be 30 percent higher in 1999. Similarly, land values in 1998 were 16 percent higher than their average value in 1990-94, and are projected to be 38 percent higher in 1999. Moreover, liquidity ratios are up, debt servicing ratios are down, and return on equity has increased from 0.5 percent in 1995 to 2.3 percent in 1998.

While there have certainly been regions and commodities that have suffered from sharp prices declines and from various weather and crop related disasters, overall, average farm income during the FAIR Act has been higher than farm income under previous legislation. Even with the declines in 1998 and 1999, farm income during the FAIR Act is higher on average than during the previous farm legislation.

In perhaps the most important measure of the financial outlook for the sector, farmland prices continue to rise throughout the country. Since 1995, the price of farmland in the Corn Belt has risen from \$1600 per acre to over \$1800 per acre; land in the Great Lakes has risen from just over \$1000 per acre to almost \$1300 per acre. Even in the Northern Plains, which has suffered the most in terms of prices and disasters, farmland prices are up from just under \$1000 per acre to almost \$1100 per acre.

**THE FAIR ACT PROVIDES A STRONG SAFETY NET**

Under the terms of the FAIR Act, \$35.6 billion will be provided to farmers through direct income payments over seven years, for an average of \$5 billion annually. In addition, expenditures under the commodity loan program, which makes up the difference between the loan rate and a lower market price, have added an additional \$1 billion annually, an amount that could reach \$3.5 billion in 1999 alone. In addition, the disaster relief and market loss payments during 1998 added an additional \$6 billion in government payments to farmers. In all, payments under the FAIR Act have totaled \$5.7 billion per year. By comparison, payments under the old farm program averaged \$5.5 billion per year. Because they are based on previous production levels and historical program yields, the bulk of those payments go to large, commercial farmers who account for the bulk of U.S. production.

**THE FAIR ACT FORCES U.S. COMPETITORS TO ADJUST TO THE WORLD MARKET**

In the past, when the United States took land out of production in response to low prices, our competitors in Brazil, Argentina and other countries simply expanded their acreage to take up the slack. When the United States raised its support prices in the early 1980s, farmers in other countries took advantage of the price floor set by the United States, to expand their production. In effect, the United States functioned as the Saudi Arabia of the World grain market. Those policies provided a safety net not just to US farmers, but to the world's farmers.

Under the FAIR Act, U.S. farmers face no government-mandated set-asides. As a result, they have brought nearly 10 million

acres back into production. With the safety net of the marketing loan in place, U.S. farmers are guaranteed to receive the loan rate, even if world prices fall to lower levels. This means that farmers in other countries will be forced to respond to world markets prices, while U.S. farmers benefit from the higher U.S. loan rate. Should world prices rise above U.S. loan rates, U.S. farmers will be able to receive the full benefit of those higher prices.

Mr. ROBERTS. Mr. President, most of the critics of the current act have recommended that we rewrite the farm bill, and I think most, at least—and I don't want to be too specific here because I am not sure—have indicated they would like a return to set-aside programs and higher loan rates and farmer-owned reserves, basically a return to the old farm bill. They say we need to do it so we can control production and increase the price of our commodities. Lord knows, I would like to try anything, almost, to increase the price of our commodities.

My question is this: How do we convince our competitors to follow suit? Past history shows us that when we reduce our acreages, our competitors do not follow suit. World stocks are not reduced. They increase their production by more than we reduce ours. There is no clearer example than during the 5-year period from 1982 to 1988 when the United States harvested 12 million fewer acres of soybeans and, during the same period, Argentina and Brazil increased their production by 14 million acres. Guess which countries are now the largest competitors of the United States in the soybean market.

Critics will also claim that plantings and stocks have increased and prices have plummeted because our farmers were allowed to plant fence row to fence row. That is not true either. The United States was not the cause of increased world production. In 1996, farmers in the United States planted about 75 million acres of wheat. Under Freedom to Farm, that fell to 70 million in 1997, 65 million acres in 1998. That is almost a 14-percent drop in wheat acreage. The farmer made that decision, not somebody in Washington, a voluntary set-aside. It was a paid diversion because he got the AMTA payment. USDA projections are an additional decrease this year of another 9 percent. That is a voluntary farmer set-aside, not a government mandated set-aside.

If U.S. wheat farmers planted less wheat, where did the record crops come from? We have been blessed with near perfect growing conditions in most of wheat country. The average farmer's yield went from 36 bushels an acre to 43 last year, 47 this year. Once again, the American farmer's record of productivity is simply amazing. I don't know of any farm bill that has ever been able to control production in other countries, or the weather, or growing conditions. I don't think even our friends across the aisle who are most critical would propose trying to limit the farmer's yield.

Still despite these facts, the naysayers say we must control production and raise loan rates. Raising loan rates will only increase or prolong the excess levels of crops in storage and on the market and actually result in lower prices down the road. Excess stocks will depress prices. Do we then extend the loan rate or raise it, leading to an endless cycle, leading to a return to planting requirements and Washington telling farmers to set aside ground to control production and limit the budgetary costs?

How do higher loan rates help producers who have suffered crop failures and have no crop underneath the loan? We had low prices in the mid-1980s. As a matter of fact, in 1985, and, it seems to me, in 1986, we spent almost \$25.9 billion. We tried PIK and Roll; we tried certificates; we tried set-asides. We tried everything under the sun. We passed the 1985 act dealing with unprecedented world conditions. So we tried that. We had the higher loan rates.

It is one thing to propose a new farm program, albeit we haven't seen anything too specific. But how do you pay for the budget cost, notwithstanding the emergency declaration of this legislation, which I think is appropriate? There was no request from the President, after 3 years of complaining, no request from Secretary Glickman for additional funding. It seems to me it is one thing to propose changes in the farm bill in the form of increased loan rates, however you want to change it—or, as the President says, we just need a better farm bill—and another to propose how we pay for it.

The reason I am bringing this up is, I think we need a little truth in budgeting, aside from the proposed emergency legislation that we need. Do the advocates of change pay for the new program, set-asides, and increased loan rates or whatever it is in regards to the new farm program by taking away the transition payments now provided to farmers under Freedom to Farm? Will farmers willingly give up the transition payments, direct income assistance, and go back to the days of standing in line at the Farm Service Agency, filling out the forms and the paperwork, and set aside 20 percent or more of their acreage?

What do we tell farmers who have on their own made historic planting changes from primary crops in the past to crops of higher value—oil seeds, sorghum, dry peas, navy beans, soybeans, and, yes, cotton? Under Freedom to Farm, I tell my distinguished friend and colleague from Mississippi, in the heart of cotton country, we have 40,000 acres in Kansas that are now in cotton production. When Steve Foster wrote the song "Those Old Cotton Fields Back Home," he was talking about Kansas. We have the most cost-efficient cotton in the world because the temperatures are so low, you don't have to use pesticides on the insects. None of that would have happened

without the flexibility in regards to the new farm bill.

The reduction in wheat acreage going to other crops has been dramatic in 1997 to 1998: 15 percent down in North Dakota, 15.5 percent in South Dakota; 18 percent in Kansas; 18 percent in Minnesota; 15 percent in Texas. These are farmer-made decisions, and the changes in American agriculture have exceeded all expectations. Farmers have switched because it made economic sense.

The plain and simple and sometimes painful truth is that all U.S. producers are no longer the most efficient producers of certain crops, now wheat, in the world. That is true of other crops. But if you give the farmer the proper research and the proper export tools and the proper precision agriculture tools and the proverbial so-called level and fair trading field—which does not exist right now—he can be.

But we must also have the flexibility and the freedom to respond to market signals. So instead of looking back to the failed policies of the past, I think we must look to a long-term agenda for the future that allows our farmers and ranchers to be successful. That agenda includes most of what was promised during the passage of the Freedom to Farm Act—promises, promises, promises. I held up this ledger. I had two of them. On one side it said, if we go to a market-oriented farm program, these are the things we will have to do to complement it in order that it may work. And we listed them. That was the other side of the ledger.

Unfortunately, I am sad to say that those promises have not been kept by either side of the aisle. If I get a little thin skinned in regards to all the criticism in regards to the act that we put together, I am more than a little unhappy in regards to the Republican and Democrat leadership and the lack of progress on things we promised that would complement Freedom to Farm, things that attract bipartisan support from all of us who are privileged to represent agriculture.

I am talking about an aggressive and consistent trade policy, fast track legislation, sanctions reform with authority to use USDA export programs, a strategy for WTO negotiations that puts agriculture first, a renewed effort to complete the trade breakthrough we had with China. I am talking about tax legislation. Some of it is in the tax bill. Unfortunately, we have a political fussing and feuding exercise, and some of these will not actually take place—100-percent self-employed health insurance deductibility, farm savings accounts. If we had farm savings accounts, this situation would be tough but it wouldn't be grim.

Capital gains and estate tax reform. I am talking about crop insurance reform. Senator KERREY and I have what I think is a very good crop insurance bill. I am talking about regulatory reform and about commonsense management of the Food Quality Protection

Act. And, yes, I am talking about reasonable emergency assistance to provide income assistance due to the unprecedented record crops, EU subsidies, world depression of the export markets. And that brings us to the two proposals we have before us today.

Let me point out that, given the dynamic change in agriculture and world markets, no farm bill has ever been perfect or set in stone. That has been the case with the seven farm bills I have been directly involved with since I have had the privilege—seven of them. That statement is buttressed by the fact that, in the last 10 years, there have been no less than 13 emergency supplementals or disaster bills. Given the current drought in the Atlantic States and our price and cash flow problems due to the unprecedented developments I have already discussed, there are going to be 14. It is just what form it will take. But it seems to me we should not be in the business of spending more than is necessary, or making changes in farm program policy that will be market disruptive, or that will lead us back down the road to command and control agriculture in Washington. That, of course, depends on your definition.

There are several questions, or concerns, I have in regard to the emergency assistance package introduced by my friend, Senator HARKIN, and my friend from Mississippi, the distinguished chairman of the Appropriations Subcommittee. The income loss assistance that has been proposed by Senator HARKIN, as I understand it, has a fixed amount of \$6.4 billion made available. But it sets up a parallel supplemental loan deficiency payment system with a separate \$40,000 payment. It provides that payments be made to producers with failed acreage, or acreage prevented from plantings, based on actual production history, and provides for advance payments to producers as soon as possible. And we want that.

I think we are headed toward a train wreck in regard to the payment limitation. One of the major concerns among farmers is the \$75,000 payment limitation on an existing \$7 billion to \$8 billion worth of loan deficiency payments. Now we are trying to cram an additional \$6.4 billion through a payment limitation half that size, and it seems to me we are going to have some real problems. Per unit payments will go up, and a smaller and smaller percentage of production will be covered.

Now, if this new payment form is supposed to go to those who produce, it is ironic that we are going to see 85 percent of the producers who produce the field crops shortchanged to bulk up payments to those that really create 15 percent of the crops. This isn't the big producer/small producer argument. I think the penalty will reach down to the medium-size commercial farmer, while the part-timer with a job in town may reap a windfall.

Discretion to the Secretary. Last year's disaster program was predicated

on giving the Secretary maximum discretion to use his expertise to create a fair and speedy program. The delivery of disaster payments was delayed for 8 months. This program relies even more heavily on the Secretary. I hope that Secretary Glickman has magic in the way he can get the payments out.

The Secretary must take a fixed amount of money and fairly divide it among producers; guess in August the total production of a variety of crops for the year; determine which producers will have failed acres and determine their actual production history; calculate how a \$40,000 payment limit will affect the division of the funds; create a per bushel, pound, or hundred-weight payment for crops not yet harvested; determine how to make advanced payments; and he must prorate payments when and if all the guesses happen to turn out to be wrong.

Last year, with a far simpler task, the Secretary gave up and waited until June to make the payments. Let me point out that transition payments under the AMTA supplemental plan went out in 10 days. They were delivered to producers in 10 days. Direct income assistance: A farmer could take the check and show it to his banker and say: I can make it through the next year.

WTO limits. Almost unnoticed in the farm crisis is the rapid increase in payments made to producers. The United States is rapidly approaching the limit allowed in the treaty for payments defined in something called the amber box as trade distorting. All payments associated with commodity loans, including LDPs, are counted in the amber box. They are not counted in the AMTA box if you provide farmers direct assistance due to unprecedented things. That will nearly double LDPs in 2000 and may very well put us over the limit, making it very difficult for the President to sign a bill that would violate the Uruguay Round agreement.

My question is: What is the White House position on the Harkin amendment as it applies to payments to farmers through the loan deficiency payment program, as opposed to the AMTA payments? I have other questions, too.

I have indicated to my colleague from Minnesota that I would not take too long, and I have already done that. I apologize to him. Again, we know the money can be distributed through the AMTA system in as little as 10 days.

Mr. WELLSTONE. Will the Senator yield for a second?

Mr. ROBERTS. I only have about 2 minutes left.

Mr. WELLSTONE. This is the Senator's life. I don't agree with him, but he must lay out his case.

Mr. ROBERTS. I thank the Senator.

Mr. President, the most important thing is to get this emergency assistance out to farmers as fast as we can and keep it within a realm that is at least reasonable in regard to the budget and in a way the farmer can get the

assistance. We can do that in 10 days by the system that is proposed by the Senator from Mississippi.

I have already mentioned the payment limitation concern. I must say, if you look at the Harkin amendment, it not only deals with emergency assistance—and Senator HARKIN truly believes we ought to rewrite the farm bill, and he is doing that in regard to his amendment.

We have peanuts, dairy payments, and livestock payments; and I am assuming most of it would go to the hog producers, but we means test that again. We have set-aside authority and we have disaster funding, where we set aside another \$600 million. We backfill the 1998 disaster assistance. Then we have money to establish a permanent program for land that has been flooded for continuous years. With all due respect to my colleagues from the Northern Plains, we have a name for a land in Kansas that has been covered with water for 3 years; it is called a lake.

We have millions for tobacco producers. My golly, are we going back to 1982 when we all decided in the House of Representatives—and we were all there at that time—we were going to get the Government out of subsidizing tobacco farmers? Are we back to that? Be careful what you ask for. So we have included tobacco in this bill. I am not making any aspersions on the hard-hit tobacco producers, but, folks, that is not PC. I am not sure about that one. And then we have mandatory price reporting, something I have supported in the Agriculture Committee, with some changes made by Senator KERREY. But we are approving funding for legislation and we haven't even marked it up yet.

Then we have mandatory country-of-origin labeling for meat and vegetables. Right now, we have a tremendous problem with the European Union and all countries in Europe on GMOs, genetically modified organisms. People in white coats are descending upon the fields over in Great Britain, ripping up the GMO crops. The problem is, they made a mistake and ripped up the wrong crop. We ought to go to sound science and work out these problems, and we are trying to do that.

In regard to the trade problems we have—which Secretary Glickman talks about and most aggies are worried about—we are going to put this in country-of-origin labeling on top of that issue. I don't think it has really been proven that our producers will increase prices and that it will result in trade retaliations.

We have \$200 million for a short-term set-aside. I don't want to go back to set-asides; I think that would be counterproductive. Some of these provisions I have mentioned are also in the provision introduced by my dear friend and colleague, the Senator from Mississippi.

I think, again, we ought to be providing emergency assistance to farmers and not be writing the farm bill but

proceeding to work together in a bipartisan way, if we possibly can, to address the real reasons as to why we have these low commodity prices.

When this comes up this afternoon, I urge Members to pay attention. A lot of this gets very convoluted and very technical, I know, in regard to farm program policy. But it would be my desire that Members look very closely at this in regard to the budget implications and things that can go bump in the night—the law of unattended effects—down the road that I don't think we want to experience in farm country.

I yield the floor.

The PRESIDING OFFICER. Under the previous agreement, the Senator from Minnesota is recognized.

Mr. WELLSTONE. Thank you, Mr. President.

Mr. President, first of all, I want to say to my colleague from Kansas that he ended up talking about the emergency bill that is before us. But a good part of his remarks were devoted to the farm bill, what I call the “freedom to fail” bill. I want to say to my colleague from Kansas that he kept talking about the failed policy of the past. I think he ought to focus on the failed policy of the present. The failed policy of the present is the “freedom to fail” bill.

My colleagues also talked about the painful truth. The painful truth in the State of Minnesota is that we are going to lose yet thousands more of farmers on the present course. We have to change the course. That is the painful truth.

I remember that maybe a year and a half ago when I went to a gathering in Crookston, MN in northwest Minnesota, there was a sign outside that said, “Farm Crisis Meeting.” I thought: My God, are we going back to the mid-1980s? But it is not only northwest Minnesota.

I was in Roseau County two weeks ago. It is pretty incredible. It is the low prices. It is also the weather. The county typically plants about 500,000 acres of wheat. This year only 10 percent—50,000 acres—was planted. It appears that a mere 10 percent of the 50,000 acres will produce a crop.

It is northwest Minnesota with the low price. It is the weather. It is the scab disease, and now the price crisis affects all of Greater Minnesota.

When my colleague talks about \$136 million spent in Minnesota with the AMTA payments, it reminds me of what farmers always say, not about the smaller banks but about the big branch banks: They are always there with the umbrella when there is sunshine outside, but whenever it is raining they take the umbrella away.

Of course, the payments were up when we were doing well. But the whole point of what we had in our farm bill before “freedom to fail” was we had some countercyclical measures to make sure there was some price stability. That is the point.

The point is that when part of our export market collapses, and when family

farmers can't make a go of it, or when you continue to have to deal with conglomerates that control almost all phases of the food industry—when I hear my good friend from Kansas talking about laws of supply and demand, I smile. Family farmers in Minnesota want to know: Where is Adam Smith's invisible hand? Family farmers in the Midwest want to know, where is the competition? Because when they look to whom they buy from, and when they look to whom they sell, they are faced with a few large conglomerates that dominate the market.

I say to my good friend from Iowa that in Fayette County—I guess there is a town of Fayette also in northeast Iowa—on Sunday I went to a pig roast. This farmer said: I am out of business. This is the last pig. This is it for me.

Our pork producers are facing extinction, and the packers are in hog heaven.

We have a frightening concentration of power.

All of my colleagues who are strong free enterprise men and women, all my colleagues who talk about the importance of the market and competition, ought to look at what my friend from Kansas talks about as a painful truth, which is we don't have Adam Smith's invisible hand and law of supply and demand. Everywhere we look in this industry, you have conglomerates that have muscled their way to the dinner table, exercising their raw political and economic power over our producers, over consumers, and I also argue over taxpayers.

In all due respect, when my friend from Kansas says we ought to look at the failed policies of the past, I want to say that we ought to look at the failed policy of the present.

My colleagues on the other side of the aisle can talk about anything they want to talk about. All of it is relatively important. Crop insurance is important. We can do better. We can do better in a lot of different areas. But let's not talk about failed policies of the past. Let's talk about the failed policy of the present because that is what farmers are dealing with. Family farmers are going under, and time is not neutral.

I want to shout it from the mountain top of the Senate in response to the remarks of my good friend and colleague from Kansas. The most important thing that we can do is rewrite this farm bill. The most important thing we can do is make the kind of structural changes we need to make so that family farmers can get a fair shake because right now what we did in that “freedom to fail” bill is take away any opportunity for farmers to have any kind of leverage and bargaining in the marketplace with these large grain companies. And, in addition, we took away any kind of safety net.

So when part of the export market isn't there, although we are doing fine and the exporters are doing well, our family farmers aren't.



The point is that for those farmers who do not have huge reserves for capital and aren't the conglomerates, they go under.

Senators and United States of America, this debate about this emergency package—and more importantly the debate that is going to take place this fall about how we write a farm bill—is a debate that is as important as we can have for anyone who values the family farm structure of agriculture because we will lose it all if we don't change this course of policy.

Mr. HARKIN. Mr. President, will the Senator yield on that point?

Mr. WELLSTONE. I am pleased to yield.

Mr. HARKIN. Just for a question.

I think the Senator from Minnesota put his finger on it. When I heard the Senator from Kansas speak, it seemed as if what he was saying was that we are going to leave farmers and ranchers out there at the mercy of the grain companies, the packers, the wholesalers, the retailers, and the processors. They are making money in the domestic market, but the farmers are not.

I ask the Senator from Minnesota: Does the Senator believe that it is a viable responsibility for our government to ensure that family farmers have some bargaining power, some power out there in the marketplace so they can get a better share of the consumer dollar that is being spent in America today?

I add to that, I say to the Senator, that under previous farm programs—and under what we have been advocating in terms of raising loan rates and providing for storage and things such as that—they provided that farmers have a little bit better bargaining power in terms of selling their crops, and thus hopefully getting a better portion of their income from the market.

I thought it was a curious argument for a conservative from Kansas to be making that the measure of the success of the Freedom to Farm bill is how the Government checks go out to farmers. I find that a curious argument.

My question to the Senator is whether or not it is a legitimate role for the Federal Government to play to help level the playing field between farmers and those who buy their products from the farm.

Mr. WELLSTONE. Mr. President, let me respond to my friend from Iowa. First, I agree it is ironic to hear some of our colleagues try to boast about direct payments to farmers when they talk about the "freedom to fail" bill. By definition, if we are spending \$17 billion a year for payments to farmers, the market is not doing a very good job.

Second, let me say to my colleague from Iowa, when I hear my good friend from Kansas talk about the law of supply and demand, I smile because the family farmers throughout the country want to know where is Adam Smith's

invisible hand? Where is the competition? It misses the very essence of our debate. Conglomerates basically control almost all phases of the food industry, whether it is from whom the farmers buy or to whom they sell.

There are two questions: No. 1, how can we give family farmers some kind of leverage in the marketplace? We tried to do that in some of our past farm bills through the loan rate, and also a safety net, to try and deal with farmers when prices plummeted. Second is the compelling case for antitrust action.

Let me say we are going to pass a bill that will provide some assistance to farmers, but there are two questions: What kind of assistance? I will analyze that in a moment. The challenge before the Senate is the kind of assistance. I think there are pretty huge differences.

In our bill, the Democrats bill, we have about \$2 billion in assistance for disaster relief. In case anybody hasn't noticed, we have drought in the country. We have people who are devastated, people who cannot grow anything. We have some disaster relief, \$2 billion. I don't think our colleagues on the other side have anything in that bill, in which case I say to colleagues when they vote on these amendments, it would seem to me Members would be hard pressed to vote against an amendment purporting to provide emergency disaster relief that doesn't take into account the weather. Not only are my colleagues not taking into account the failed policy of the present, they are not taking into account the drought.

My second point: I far prefer, to the extent we can, to make sure the assistance gets to those farmers who need it the most. The AMTA payments tend to go to the larger producers and tend to go to land owners, even if they are not producers. It is quite different than LDP. I would like the LDP targeted, as targeted as possible.

There are some differences between these two proposals. The Republican plan is similar to their tax cut plan. They parcel out benefits in inverse relationship to need. What farmers are saying to me in Minnesota or when I was in Iowa this past weekend: Look, we want to get the price. We want to deal with the price crisis. We want to have a future.

If you are going to provide some assistance, I didn't hear farmers talking about AMTA payments because they know the great share of the benefits will go to those who need it the least.

We have some major differences. We take into account the drought—small thing, the drought. We make sure there is some direct assistance to people who are confronted with the drought. Our colleagues on the other side don't have such assistance.

In addition, we try to target to production as opposed to AMTA payments, which is all a part of the "freedom to fail" bill. It was transition for people to go out. AMTA payments were great, as my colleague from Kansas points

out, when prices were up. Everybody loved it. The problem is the "freedom to fail" bill, which was passed, did not take into account what would happen to family farmers when the markets collapsed, the prices were low, and there was no safety net, no bargaining power and no way that family farmers would be able to cash flow and make a living. There is no future for family farmers in the State of Minnesota with this failed farm policy.

I say to my colleagues, we have some votes this afternoon on the whole question of some emergency assistance. That is step one.

I believe for reasons I have explained that our proposal makes much more sense in terms of getting some help to people. If we are going to call it emergency assistance—and that is what it is—then we better get some assistance to people who are devastated because of the drought. We better have disaster relief in a bill which purports to be an emergency assistance package.

Second, we ought to try and make sure the benefits go to the people who need it the most.

Finally, I say to my friends on the other side, I don't believe anybody should have to stand up and say the Freedom to Farm bill was a "freedom to fail." I don't care whether people have to admit to a past mistake. I don't want anybody to believe they have to admit to a past mistake. But we better change the policy. However we do it, whatever Senators want to say, my focus is on the failed policy—not of the past but of the failed policy of the present. My focus is on this "freedom to fail" bill.

We have to take the cap off the loan rate, raise the loan rate. We have to get a decent price. We have to target it and have a much tougher and fair trade policy. We have to make sure we have some conservation practices. We have to make sure we don't have people planting fence row to fence row. We have to make sure we take antitrust action seriously. Teddy Roosevelt was for antitrust action a long time ago.

It seems to me that the United States Senate can go on record to support antitrust action. It seems to me we can be on the side of family farmers.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas.

Mr. GRAMM. I am happy to yield. I thought we were going back and forth but if the Senator would like to speak.

Mr. BYRD. The Senator is very gracious to offer that. I do not ask that. However, I wanted to have an understanding as to how we are proceeding. I believe I probably was on the floor ahead of most others other than the Senator. If the Senators are alternating, does the Senator from North Dakota wish to go next?

All I want is a chance to speak at some point.

Mr. DORGAN. Let me ask the Senator to yield for a question.

Mr. GRAMM. I am happy to yield to the Senator.

Mr. DORGAN. I say to the Senator from West Virginia, I sought an answer to that question some while ago. I have been on the floor an hour. I stepped off the floor for a moment.

I believe the Senator from Mississippi indicated the Senator from Iowa, Mr. GRASSLEY, perhaps wanted to speak next. In any event, I think perhaps it would be helpful if we established some order, and I am willing to accept whatever order the managers wish to establish. If I am not able to speak now or soon, I will ask consent to be recognized at 2:15 to speak.

Mr. BYRD. Will the Senator yield?

Mr. GRAMM. I am happy to yield to the Senator.

Mr. BYRD. Mr. President, I propose the following unanimous consent request, if it is agreeable to the Senator from Texas, the Senator who is managing the bill, and Senator HARKIN. I ask unanimous consent that after Mr. GRAMM has completed his remarks, Mr. DORGAN be recognized, then Senator GRASSLEY, and then I be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank all Senators. I thank the Senator from Texas.

Mr. GRAMM. Mr. President, I did not come over this morning to get into a political debate about farm policy. But the issue is so important that I thought there were some things that need to be said that I do not believe have been said. I would like to preface my remarks by saying that, to the best of my knowledge, my State is the biggest beneficiary of American farm programs, not on any kind of per capita basis but because we have a lot of farmers and ranchers.

I am very concerned about the drought in some parts of the country, which we have a long tradition of responding to and dealing with. That tradition has been based on documenting the drought, documenting the loss, and then compensating people who lose. It has not been based on anticipating a loss, estimating it, appropriating money on a widely discretionary basis and allowing bureaucrats to give out literally billions of dollars. That has never been the policy in the past. I do not think we ought to undertake it today. So before I get into the text of what I wanted to talk about, let me make it clear there are many areas of the country that are suffering from drought. We have a long tradition, an established program. I have been supportive of that program and I intend to continue to be.

What I want to talk about is not the drought. What I want to talk about is what is happening in agriculture and my concern that we are partially misreading what is happening. I want to talk about farm prices, and I want to talk about the two remedies that have been proposed and that are currently before the Senate, and I want to voice my concern about both of them.

I do not want to get into a political debate about farm policy, but I want to make the point that I believe we are drifting far afield from any kind of rational farm policy in America in what we are doing. Maybe some would view it as an unkind judgment, but in my opinion we are engaged now in a political bidding contest where we simply are seeing figures made up on both sides of the aisle, I would say, where we are competing to show our compassion and competing to show our compassion with somebody else's money. I would be moved into thinking this was pure compassion if we were debating giving our own money. But since we are debating giving the taxpayers' money, it is hard to be compassionate with somebody else's money.

Having said that, I see this farm problem a little bit differently than most of my colleagues. Since I do not think this point has been made in the debate, I want to make it.

First of all, it is clear, and I think everybody is in agreement on this, that American agriculture has been affected by the Asian financial crisis and that the demand for American farm products from Asia has fallen off by 40 percent. The demand for farm products is what economists call "inelastic." That is, when the price changes, it doesn't have an immediate, instantaneous or substantial impact on production. So this decline in the demand for products in Asia has had a substantial impact on price.

Obviously, we are all hopeful that Asia is going to recover from its financial crisis and that they are going to be back in the market and that this part of the factors that are driving down farm prices will go away over time. That is the basic logic of the proposal that has been offered by Senator COCHRAN. It basically is that as the Asian financial crisis is solved, as Asians get used to, once again, consuming American farm products—the best rice, the best meat, the best cotton; as they get used to the joys of wearing cotton underwear made of American cotton—they are going to buy a lot more of it and everything is going to come back and prices are going to be good again. To the extent that thesis is correct, the right thing to do is to adopt the Cochran substitute.

The Democrat substitute is really based on the logic that there are no markets. Our Democrat colleagues do not largely believe in markets and do not, by and large, believe in the basic principles of economics. They would rather the Government make the price of farm products. So it is not surprising that their substitute has grown from \$9.9 billion to \$10.7 billion, 50 percent bigger than Senator COCHRAN, but they would basically begin to take steps to go back to the old supply management program where the Government would be the setter of prices and where we would, in essence, take American agriculture ultimately under this program out of the world market.

The problem with that, besides having a substantial impact on the state of the American economy, is that primarily, while there are many farm State Senators, there are relatively few farm district Members of the House. If we go back to supply management, given the apportionment of representation in the House, we will never set prices that will be high enough to produce prosperity in rural America.

So I know all of the rhetoric, going back to the 1920s, much of which has very leftist roots, would lead many of our Democrat colleagues to believe if we could get Government to manage agriculture, we could make it great. The problem is—and I say this as a person representing an agricultural State, a State that produces most farm products, the only State in the Union that produces both cane and beet sugar, a State that is in virtually every kind of agriculture that you can name—the plain truth is that agriculture does not have enough political clout, day in and day out, to get the Government to set prices high enough that we will ever have true prosperity in rural America. That is why I am never supporting going back to the Government managing agriculture.

The only chance we have to make rural America not just a good place to live—because it is the best place to live. When I ultimately leave Washington—and I hope to be here as long as STROM THURMOND, which would give me another 40 years—I do not ever plan to live in a town that has a stoplight again. I prefer rural America. I think it is the best place to live. I want to make it one of the best places to make a living, which is why I was for Freedom to Farm and why the underlying philosophy of the Cochran program is superior.

It does not appeal to people who want Government to manage things, who believe that Government can do it better. But the plain truth is, without being unkind, there is only one place in the world where socialism still has dedicated adherents, and that is on the floor of the Senate and the floor of the House of Representatives. Everywhere else in the world it has been rejected. But here it still has dedicated adherents, people who believe if we just let Government run things—health care, agriculture, whatever—that it would go better. I do not believe that is true.

But I want to go beyond simply pointing out the superiority of the Cochran approach to the Democrat substitute. I want to raise a question about both because there is another force at work that nobody is talking about, and with which we are going to have to come to grips. Frankly, in representing a farm State, it is something about which I worry.

It is a blessing that creates a problem. The blessing is that while America is in the midst of a technological explosion, technology in agriculture is growing twice as fast as technology in the economy as a whole. Productivity



per farm worker is growing twice as fast as the productivity of the worker in the economy as a whole. So there is an underlying factor which is driving down farm prices which has nothing to do with the Asian financial crisis. That underlying factor is the explosion of farm technology. Farm technology, by driving down the cost of production, is driving down the cost of farm products by increasing supply.

Let me give an example of it. We have fewer chickens in America today than we had 10 years ago. Yet we are producing more poultry. We have fewer pigs today and yet we are producing more pork. How is that possible? Because of a technological revolution that is occurring in American agriculture.

As I look at agriculture and as I look at the use of sensors, as I look at the use of new technology, nobody can know the future but it seems to me, looking at it—the only way we can see the future is by looking to the past. Looking at the recent past, it seems to me we are probably on the edge of an explosion of technology driven by biotechnology, driven by sensing devices, driven by the communication age where we are probably looking at a 20-year period where the natural trend in farm prices, independent of the Asian financial crisis, will be down.

Please do not believe because I say this that I want the trend to be down. But I think if we are going to set out a long-term policy, we have to understand the world at which we are looking. I believe these technological changes, which are partially responsible now for declining farm prices, are probably not going to go away.

One of the things I think that is hidden—I will get to these figures in a moment—is that while farm prices are down, so are farm costs. So this is leading some people to look at farm prices and define a financial crisis which is clearly there but not to the degree that the price of the final product alone would show.

Let me note that we had a recent estimate come out by USDA of net farm income. Let me also remind my Democrat colleagues that the Clinton administration runs the Department of Agriculture, not the Republican majority in Congress. The Clinton administration is now forecasting 1999 farm income to be \$43.8 billion. Farm income in 1998 was \$44.1 billion. So that is three-tenths of \$1 billion below last year.

If you look at the last 8 years, from 1990 through 1998, average farm income has been \$45.7 billion. We are looking at an income level that is basically \$1.9 billion below that level. If you look at the last 5 years of average farm income, it has been \$46.7 billion. So in looking at that number, we are looking at an income level there where we are about \$2.9 billion below that level.

Part of the story that is not being told in this debate, as we sort of jockey back and forth as to who can tell the

grimmiest tale in agriculture, is that the current farm program is doing a lot for American agriculture.

Last year, the American farm program, in dealing with a decline in prices, put into American agricultural \$12.2 billion of income. Under the existing programs that are in place, through guaranteed minimum prices, and other programs, we are looking already, without any legislative action, because of the way the current law is written, at the taxpayer paying \$16.6 billion of payments to farmers. Or, in other words, when the Department of Agriculture estimates that net farm income next year is \$43.8 billion, 39 percent of that estimate is made up of payments that are being made under the existing farm program.

Especially when our Democrat colleagues get up and talk about the sky falling, they completely leave out of the story that under existing programs we have guaranteed minimum prices, through our loan program, that will mean \$16.6 billion of payments from the Federal Treasury to the American farmer without any legislative action whatsoever by the Congress.

So I guess the first question that I pose is, that if farm income today is \$2.9 billion below the average of the last 5 years, and if the income for the last 5 years has been the highest level of income in the modern era, Why are we talking about \$10.7 billion of new payments to American agriculture?

From where did the \$10.7 billion come? And \$10.7 billion added to the level of farm income today would put average farm income substantially above the average for the last 5 years, substantially above the average for the last 8 years, and substantially above the average of farm income in the modern era of America. From where did the \$10.7 billion come?

It seems to me that the \$10.7 billion figure is simply a political figure. It started out fairly low at the beginning of the year. It has gotten bigger every month. I now understand that in the House, Democrats are asking for \$12.9 billion. So what is happening is we are in a bidding contest.

Let me also say that in terms of the \$6.9 billion that has been proposed on our side of the aisle, I do not see the logic of that number, either. It seems to me that since we have a loan program which in some cases has yet to be triggered because we have not harvested the crops, so that we do not know, in the final analysis, the extent of the drought or the impact of the bumper crop that is being produced in some parts of the country—we know the impact on price for corn and wheat and cotton and soybeans; we have a guaranteed minimum price—the logical thing to do would be to not get involved in a political bidding game but to simply allow the crop to be harvested, assess the drought damage, and decide how much to do and how to target it to the people who have actually lost money instead of a giant effort to simply throw money at the problem.

I am sure all of my colleagues are aware that from the disaster assistance for agriculture last year, still some of those programs have yet to be spent by the Clinton administration. So rather than getting in a bidding contest, it seems to me, with all due respect, that what we ought to be doing is waiting until our crops are harvested and assess what farm income is, compare it to a norm for the recent historic period, and then decide what we want to do to try to make a correction, see to the extent to which programs that are now in effect have an impact on farm income, and then figure out what the gap is compared to the norm, and then decide who lost money, and then see what we might do about it.

But with \$10.7 billion, if you spent the money by giving it to farmers, you would drive incomes far above the national norm, you would be overcompensating, in some cases, several times; and in reality, much of this money goes to a bureaucracy in Washington and not to the farmer.

So I am sorry that we have gotten into this debate, which ultimately had to come when we brought up Ag appropriations because we are going to have an election on the first Tuesday after the first Monday of next year. So we are engaged in this political bidding contest for the support of American agriculture. I do not see how these kinds of numbers can be justified, especially when we do not know what farm income is going to be.

Let me also say that this appropriations bill does not even go into effect until October 1. Not one penny that would be spent by the adoption of either one of these amendments will be available to farmers until October 1, and given the record of the Clinton administration, it is highly probable that most of this money won't even be distributed until next year. My point is, why don't we wait until we have the actual data, until we know who actually lost money, and make a rational decision.

Another point I would like to make—

Mr. DORGAN. Will the Senator yield for a unanimous consent request?

Mr. GRAMM. I am happy to yield.

Mr. DORGAN. Mr. President, because of another engagement, I ask unanimous consent that I be recognized to speak at 2:15 when the Senate reconvenes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMM. Mr. President, there are some other figures I think we need to look at in deciding what we should be doing. I want to raise these. I know people are going to object to the fact that someone would actually try to raise concerns about the actual numbers we are talking about in American agriculture, when we are engaged in a debate about trying to outbid each other and spending money. This is from the Economic Research Service of the U.S. Department of Agriculture. This

is their agricultural outlook, just published in July of this year on page 55.

Let me tell my colleagues why this is important, and then I will go through the numbers. Why this is important is, we are basically pointing fingers back and forth saying we are not doing enough for American agriculture and that we ought to spend \$10.7 billion or we ought to spend, in the House, \$12.9 billion. I will go over a few figures which stand out to me in that somehow what is being shown in the actual numbers about agriculture and what is being debated on the floor of the Senate are two entirely different things.

Facts are persistent things. In listening, especially to our colleagues on the Democrat side of the aisle, one would assume that farm assets are falling right through the floor. One would assume we are virtually back in the Depression and the Dust Bowl and that USDA initial estimates for 1999 would be falling dramatically. Anybody who is listening to this debate would believe that is true.

Well, it is not true. In fact, in 1998, the preliminary number is that the total value of farm assets was \$1,124,700,000,000. The initial estimate by USDA—this is the Clinton administration—is that farm assets at the end of this year will be \$1,140,300,000,000. So while we are talking about the world coming to an end in agriculture, we have to junk the farm program and go back to letting Government dictate farm prices and engage in artificial scarcity and pay farmers not to plant and basically turn agriculture into one giant cooperative on the Soviet style plan because of the collapse in American agriculture. The reality is that we are projecting farm assets to rise this year and not fall. In fact, last year was a terrible year in agriculture. We had a huge farm payment at the end of the year as part of our emergency spending.

What do you think happened to farm assets last year? They went up, not down. They rose from \$1,088,800,000,000 to \$1,124,000,000,000. Something about this picture doesn't fit.

Let me go on. What do you think is happening to financial assets held by American farmers and ranchers? If you listen to all this doomsday scenario from our Democrat colleagues about how we have to junk the farm program and go back to a Government-run program, you would think farmers and ranchers are having to sell off financial assets, cash in their retirement, withdraw money out of the bank, close down their IRAs to try to stay in agriculture.

Facts are persistent things. In fact, we are projecting that financial assets held by American agriculture will actually rise this year from \$50 billion to \$51 billion.

Now, what do you think is happening to farm debt? You listen to all of this doomsday discussion about how we have to junk the farm program and have an American commissar of agri-

culture who has to go in and say: You cut back production by 20 percent; you plant this crop; you plant that crop; we will guarantee your prices. We will have artificial scarcity, and then we will make all this work through Government edict. What is the justification for all these program proposals? The justification, you would think, would be that farm debt is exploding; right? We are having a crisis?

Does anybody listening to this debate believe that farm debt in America is not exploding? You would never believe it wasn't exploding. You would think farmers are going deeper and deeper and deeper into debt. You would be wrong. In fact, the USDA estimate is that farm debt will actually decline in 1999, and it will decline from \$170.4 billion to \$169.1 billion.

What would you think would be happening to real estate debt? In listening to our Democrat colleagues talk about how we have to have the Government take over agriculture and go back to a program where you basically work off Government edicts because of a collapse in agriculture, you would think real estate debt is rising. People are having to borrow money against their land. They are having massive foreclosures. Could anybody listening to this debate not believe that real estate debt was exploding in America? They couldn't. They would know it had to be happening. But facts are persistent things. The fact is that real estate debt is actually declining in America. The projection by USDA is that the amount of real estate debt that farmers and ranchers have will decline from \$87.6 billion to \$86.7 billion.

Could anybody listen to this debate and not believe that non-real estate debt that farmers have is exploding? That is not possible. You listen to this debate, you have to conclude that every farmer in America is going deeper and deeper and deeper into debt. They are borrowing money. They are losing money. There is a catastrophe, a crisis, and we have to have Government take over agriculture. But astounding as it is, when you look at the numbers, non-real estate debt in agriculture is actually projected to decline in 1999 from \$82.8 billion to \$82.4 billion.

Finally, there could be no doubt about it, listening to this debate. Equity in farms and ranches in America has to be plummeting. There is no way that you can have all these catastrophes we have heard about, leading us to the argument that we need to spend in excess of \$10 billion right now in agriculture, and we need to junk our whole export production-based farm system to go back to a program that we couldn't make work in a simpler era when the Government basically ran agriculture. No one could doubt, not one person who listened to this debate, if you did a survey, not one person in 1,000 would have any doubt that farm equity, the equity of farmers and ranchers, what they own, has to be declining as a result of this agricultural

crisis. But it is not so. In fact, equity, by the U.S. Department of Agriculture, is projected to not only rise but to rise substantially in 1999, to rise from \$954.3 billion to \$971.2 billion. How can farm equity be rising when we have a crisis of such magnitude that we are debating having the Government take over American agriculture?

Well, the reality is, it is rising.

Let me mention two other figures. Could anybody listening to this debate believe that the debt-to-equity ratio in American agriculture is actually declining in 1999 or that equity is rising and debt is falling? Could you believe that, listening to this debate? You probably could not, but it is. And in terms of debt-to-assets, it is also declining from a ratio of 15.2 to a ratio of 14.8.

Now, the reason I went through all these numbers is, we should not be having this debate right now. This has turned into a political bidding contest where we are literally bidding to see who can spend more money. We need to know what is going to happen in terms of this year's harvest, and we need to know what farm income is when the harvest is in, before we set out a program to spend billions and billions of dollars to, A, be sure we are helping the people who need help and, B, be sure that the program makes sense.

There are some things we should be doing. We should be working to open world markets. Part of Freedom to Farm was a commitment to change trade policy. We ought to be debating trade today. We ought to be talking about how we can get the President to go ahead and finish the negotiations with China on WTO accession, so that they would have to lower their trade barriers against American agriculture. We should be debating taxes today. We committed to a program of letting farmers not only income average but to set aside a certain amount of income for a 5-year period, so that when times are good, they can set aside money so they have it when times are bad.

We ought to be talking about risk management and what we can do to deal with it. We ought to be talking about regulatory reform, where regulations are having a heavier and heavier burden on American agriculture. But we are not. What we are doing is talking about spending vast sums of money when we have no documentation of the exact magnitude of our problem or the distribution of that problem.

Now, I know the vote is going to be on, and I know we are going to have it this afternoon. I know we are going to have an opportunity to spend \$10.7 billion to junk the American farm program and go back to supply management. I know we are going to have a vote on spending \$6.9 billion to keep the current system and just allocate \$6.9 billion to be given away if and when, later on, the administration gets around to allocating it. But surely there must be some question raised when average farm income for the last

5 years has been \$46.7 billion. The projection by USDA is that farm income will be \$43.8 billion, and the adoption of either one of these amendments will produce farm income far above the average of the last 5 years.

Why is that a problem? It is a problem because if I am right that this explosion of technology in agriculture, which is growing twice as fast in terms of technological advances as the whole economy, if this is going to mean that for 20 years we are going to tend to have downward pressure on agriculture prices because of expansion in production and lower cost of production, to be in essence subsidizing and encouraging people to come into agriculture, or stay in it if they are inefficient, we are working counter to what we know has to happen for agricultural prosperity to occur.

The reason I went to the trouble to come over here and raise all these unpleasant facts in the midst of a debate about giving money is that there is one other figure that just is extraordinary to me. What would you think is happening to the amount of land being rented by American farmers? Prices are falling. We had prices falling last year, and we had an emergency spending bill. What would you think would be happening to cash rents? Well, everything I know about economics and about agriculture would tell me that, knowing what happened last year with prices declining and knowing the projections for this year, cash rents would have gone down. Everything you know would suggest that. But, in reality, cash rents are up—up—so that farmers are spending more money renting land in 1999 than they did in 1998. What does that suggest? Well, it suggests that what we did in 1998 actually pulled in more production, not less, and that we actually contributed to this problem by what we did in 1998.

The world is not going to come to an end if we spend \$10.7 billion or \$6.9 billion. Every penny of it is going to be added to the deficit. That is money that is not going to go to reduce debt, or fix Medicare, or pay for Social Security. We have all heard and used all those arguments—mostly when it benefited our side of the argument.

But please consider what is going to happen if we continue with these programs where the net impact is to bring more resources into an industry that is having a technological explosion, which is expanding supply, where we are producing more pork with fewer pigs, more poultry with fewer chickens—what is going to happen if we continue for 3 or 4 more years the kind of program we had last year, which apparently—and I simply raise the concern because nobody has mentioned it—what is going to happen if we are paying so much money that we are actually encouraging more production rather than compensating people partially for their losses. The adoption of either one of these amendments will mean that farm income next year will be above the average for the last 5 years.

Now, I would like farm income to be high. But the point is, I am afraid we are overriding the natural adjustment mechanism whereby, as people can produce more and more product with fewer inputs, what tends to happen is, they put fewer inputs into the industry. If I am right about this technology change, we are, with either one of these dollar figures, planting a seed that is going to destroy American agriculture as we know it because we are going to end up exacerbating oversupply and driving prices further and further down, and then we are going to have no choice except to let an awful lot of people go broke or to have the Government come in and say: OK, you produce at 50 percent of your capacity, and you produce at 50 percent of your capacity.

I just wish we were having somebody look at these kinds of problems before we got into this bidding war in the midst of an Agriculture appropriation bill. I wish we could wait until the fall and know what the losses were. None of this money will be available until October 1. Then we can come up with a reasonable program to try to compensate for some of these losses. But to simply be making up numbers in the billions is very dangerous and irresponsible, and we could end up really hurting the most efficient farmers and ranchers.

I thank my colleagues for giving me all this time. I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

Mr. BYRD. Mr. President, has the order been entered as yet with reference to the conference luncheons today?

The PRESIDING OFFICER. Yes, it has.

Mr. BYRD. Mr. President, I ask unanimous consent that the time for the Senate to recess for those luncheons be temporarily extended for a half hour.

The PRESIDING OFFICER. Reserving the right to object, the Presiding Officer has something that I have to do in the policy session and would not be able to Chair.

Mr. BYRD. Mr. President, I would be happy to Chair.

I have done a little bit of that.

The PRESIDING OFFICER. If the request were propounded to be here to hear the Senator's speech, the Chair would be willing to do that.

Mr. BYRD. The Chair is very gracious.

I ask unanimous consent that I be permitted to proceed at this point in lieu of Mr. DORGAN. The list of names of Senators, I think, that have been entered up to this point would be, as of this moment, Mr. DORGAN, Mr. GRASSLEY, and Mr. BYRD. And I have permission of Mr. DORGAN to substitute myself for his name at the moment, and let his name fall in place for my name under the present circumstance. So it would be Mr. BYRD, Mr. GRASSLEY, and Mr. DORGAN.

I seek the help of the distinguished manager of the bill, Mr. COCHRAN, who is my friend. I ask unanimous consent that I may proceed at this point.

Would it be the wish of the manager, then, that the Senate recess, and the others on the list be recognized following the conferences?

Mr. COCHRAN. Mr. President, if the Senator will yield, I think that is a good suggestion.

Mr. BYRD. Very well. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I was on the floor and objected.

Mr. BYRD. If the Senator will allow me, I haven't forgotten my promise to the Senator.

Mr. President, I ask unanimous consent that following the recognition of Mr. DORGAN, in order to comport with the understanding that there be alternative speakers, that a Republican Senator be recognized, and that he then be followed by Mr. BAUCUS. This will all occur after the conference luncheons.

Mr. COCHRAN. Mr. President, I have no objection. I think that is a good suggestion.

I thank the distinguished Senator from West Virginia.

Mr. BYRD. I thank the distinguished Senator.

Mr. BAUCUS. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from West Virginia.

Mr. BYRD. Mr. President, what is the Chair's understanding as to how long I will speak and when the Senate will recess for the conference luncheons?

The PRESIDING OFFICER. It is the Chair's understanding that the Senator will speak as long as he wishes.

Mr. BYRD. After which the conference luncheons will occur.

The PRESIDING OFFICER. Until the hour of 2:15.

Mr. BYRD. Yes. At which time those Senators on the list as presently drawn would be recognized in the order stated.

The PRESIDING OFFICER. That is correct.

Mr. BYRD. I thank the Chair.

Mr. President, usually, in this town, newspaper headlines are about politics. News stories feature articles about tax cuts, health care plans, and various partisan tactics.

But, yesterday's headline in the Washington Post, reads "Drought Is Worst Since Depression," and the story that follows warns of drought conditions that have gripped the Mid-Atlantic that are second only to the those seen during the bleak years of the Great Depression.

We have begun to feel the pinch of this drought, with water usage limited in certain areas. With these restrictions, many people are inconvenienced by the loss of their home landscaping investments—watching their grass, flowers, and shrubs slowly withering and turning brown.

But, this drought is more than an inconvenience for those employed in one of America's hardest-working, most selfless professions. That is farming. Farming is hard luck even at best.

I speak of the farmers throughout our region, including West Virginia, Virginia, Pennsylvania, Maryland, and Delaware, they are more than just inconvenienced. They are watching their very livelihoods slowly wither and turn to dust.

In West Virginia, this drought has devastated—devastated—the lives of hundreds of family farmers, and I am deeply concerned about the fate of West Virginia's last 17,000 surviving small family farms. West Virginia farmers work hard on land most often held in the same family for generations. They farm an average of 194 acres in the rough mountain terrain, and they earn an average of just \$25,000 annually. That is \$25,000 annually for 365 days of never-ending labor.

The distinguished occupant of the Chair, who hails from Wyoming, understands that farming is an every-day, every-week, every-month, 365-day operation every year with no time off. In farming there is no time off. That is \$68.50 a day for days that begin at dawn and run past sunset in this scorching heat. Today, as the drought lingers on, West Virginia farmers, particularly cattle farmers, find themselves in critical financial circumstances.

To address this crisis, I urge my colleagues to support the inclusion of a \$200 million emergency relief program for cattle farmers in the Fiscal Year 2000 Agricultural Appropriations Bill which is before the Senate. My provision—if enacted—would provide Federal disaster payments to cattle farmers for losses incurred as a result of this year's heat and drought. Compensation would depend on the type and level of losses suffered, and would be available to cattle farmers in counties across the Nation which have received a Federal declaration of disaster for severe drought and heat conditions.

My provision provides direct assistance to farmers who have dedicated their lives to feeding this Nation, and who suffer at the will of Mother Nature with no recourse.

In West Virginia, my emergency drought aid for cattle farmers will literally decide the future fate of hundreds of small family farmers. The drought has sucked the life from the land, and is on the verge of draining the last resources from the pockets of the drought-stricken farmers.

As of yesterday, Senator ROCKEFELLER and I went to West Virginia and were there when the Secretary of Agriculture, Mr. Glickman, was there to witness some of the drought-stricken areas in the eastern panhandle.

On that trip to West Virginia, Gus Douglas, the West Virginia commissioner of agriculture, told of being at a market where animals were being taken for sale.

One farmer, who had worked his entire life breeding a herd of which he

could be proud, was there with his animals. He was there to sell his cattle at this market. He was not there just with ten or twenty head of cattle. He was there with his entire herd. He knew that he did not have enough feed to make it through winter, so despite the fact that his animals would be poor prospects at auction, he had brought them all to be sold. They had already consumed the fodder that would otherwise sustain them through the coming winter months.

This farmer was losing twice. First, he would make no profit on the cattle he would sell. Second, he could no longer afford to keep his herd. It was time to completely liquidate the herd. As the farmer unloaded his animals at the market, there were tears in his eyes.

It was too late for this farmer, and if we do not act quickly to get an emergency assistance package passed, it will be too late for many, many more family farmers throughout the land.

During our visit to West Virginia, Secretary Glickman declared all fifty-five West Virginia counties a federally designated disaster area. West Virginia is not alone, and my provision will help, if it is accepted, if it is adopted, will help cattle farmers in Virginia, Maryland, Pennsylvania, and any other region that receives a natural disaster declaration for excessive heat and drought.

During this visit with the Secretary, more than twenty farmers and their wives, gathered inside a barn on Mr. Terry Dunn's property in Jefferson County to share their personal stories about how the drought is impacting them and what kind of help they need. The overwhelming consensus was that programs that were designed to work at a time when our agriculture markets were strong, are not going to be enough to keep a new generation on the family farm.

In spite of all types of adversity, family farmers have had the ingenuity to keep their farms working for generations. Surely they can be trusted to wisely use direct federal payments, and with this same time-tested ingenuity, keep their farms running. Farmers in West Virginia have wisely diversified their crops. In ordinary years, many farmers grow enough different kinds of crops to be able to feed their animals, their families, and still take produce to market for a good portion of the summer. But, the extraordinary times of this drought require that we act now to help West Virginia's farmers and other farmers in the non "farm states" who are currently experiencing difficulties as the result of extreme weather conditions.

According to government statistics, West Virginia is experiencing some of the most severe water shortages in the nation. Crop losses in one county alone, Jefferson County, were estimated two weeks ago to be almost \$8.7 million and they are above that now. In the Potomac Headwaters region of

the state, conditions are much worse. Total damages in the state for crop losses are more than \$100 million. This figure does not even include the value of grazing pasture lost and winter feed eaten during the summer, or losses incurred from selling livestock early, due to extreme weather conditions.

Almost fifty percent of West Virginia's cropland is pasture, forty-six percent is harvested, and the remaining four percent is idle. The hay and corn that usually feed the cattle herds are gone. The ponds are shallow and foul, the springs are dried up, and the wells are dry.

Although West Virginia farmers are willing to work day and night to keep up with the backbreaking work of farming, no amount of work will restock the dwindling stores of grain that are now being used to keep animals alive at the height of the summer growing season, when pastureland should be more than enough to satiate an animal's hunger. No amount of sweat can restore vigor to stunted crops that have gone too long without a soaking downpour of rain reaching the deepest roots. There is little that these farmers can do to fill their wells or farm ponds with water.

I traveled to see the damage that the drought in West Virginia is causing for farmers. I heard for myself the stories they told. I saw for myself the impact this drought is having, and I saw on those tired, drawn faces the impact this drought is having on the bodies, the minds, and the souls of men and women who earn their bread by the sweat of their brow, in accordance with the edict that was issued by the Creator Himself when He drove Adam and Eve from the Garden of Eden.

We visited a corn field on Terry Dunn's farm. The reddish soil was dust at my feet. The corn stalks that should have grown beyond my head by this time of the season were barely knee high.

I wanted to see what kind of ears these stunted stalks were producing. The ear of corn that I reached down and selected snapped too easily from the stalk. This not yet shucked ear of corn was barely bigger than two rolls of quarters. I saw the conditions of the cattle and pastureland in West Virginia. I saw the dry, cracked fields; I saw the stunted corn stalks; and I heard the stories of farmers. It all amounts to a heart-breaking picture.

I urge my colleagues to help all cattle farmers in areas declared as Federal disaster areas as a result of excessive heat or drought, and to support my provision in their behalf. My amendment will ensure direct relief to the cattle farmers in the Northeast affected by this natural disaster. It will serve to bolster other important aid for fruit and crop losses.

The sweltering temperatures have taken their toll on farmers in the Mid-Atlantic region. Let us not turn the heat up further. Let us support the small family farmer in his or her hour of need.

My amendment is a part of the Daschle-Harkin bill. I thank all Senators for listening.

I yield the floor.

# RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:46 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. INHOFE].

## AGRICULTURE RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Continued

AMENDMENT NO. 1500

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise to support the amendment offered on this side of the aisle because I think it meets all the income deficiency needs of American agriculture pretty much in the same way as the Democrat proposal does, but it also does not spend money in a lot of other areas that do not meet the immediate needs of agriculture.

I have always thought of agriculture and the needs of food production and the process of food and fiber production in America as kind of a social contract between the 2 percent of the people in the United States who earn their livelihood in farming and the rest of the 98 percent of the people, as well as a social contract of the last 60 years of some Government involvement and some Government support of agriculture, particularly in times when income was very low.

Thinking of it as a social contract, then, I do not like to believe there is a Democrat way of helping farmers or a Republican way of helping farmers. I like to think of our being able to work together on this social contract pretty much the same way we work together on Medicare and Social Security—to get agreements when there are changes made in those programs.

In those particular programs—and, thank God, for most agricultural programs—there have not been dramatic changes over the years unless there has been a bipartisan way of accomplishing those changes. So, here we are, with a Democrat proposal and a Republican proposal. People watching this throughout the country, then, have their cynicism reinforced about how Congress does not cooperate.

While this debate has not been going on just today and yesterday but over the last 2 or 3 months, there was an assumption that there would be help for agriculture under almost any circumstances; it was just a question of how to do it and exactly how much.

While this debate was going on, we have had different approaches, and it has brought us to a point where we have a Republican proposal and a Democrat proposal and we are talking past each other. I am hoping sometime before this debate gets over today and we have a final document to vote on, that we are able to get together in a Republican and Democrat way and have a bipartisan solution, at least for the essential aspects of the debate today, which is to have an infusion of income into agriculture considering that we have the lowest prices we have had in a quarter century.

I think there are two stumbling blocks to this. I think on the Democrat side the stumbling block to bipartisan cooperation is a belief among some of those Members that some of the money should find its way to the farmers through changes in the LDP programs as opposed to the transition payments. On our side, the stumbling block seems to be that we are locked into no more than \$7 billion to be spent on the agricultural program.

So I hope somewhere along the line we can get a compromise on this side and a compromise on that side of those two points of contention. Hopefully, we on this side could see the ability to go some over \$7 billion—and that the Democrats would see an opportunity to use the most efficient way of getting all the money into the farmer's pocket through the AMTA payments.

The reason for doing it that way is because we do have a crisis. The best way to respond to that crisis is through that mechanism because within 10 days after the President signs the bill, the help that we seek to give farmers can be out there, as opposed to a convoluted way of doing it through the LDP payment.

I do not know why we could not get a bipartisan compromise with each side giving to that extent—Republicans willing to spend more money and the Democrats willing to give it out in the way that most efficiently can be done.

So I see ourselves right now as two ships passing in the night, not speaking to each other. We ought to be able to get together to solve this. That is my hope. I know there are some meetings going on about that now. I'm part of some of those meetings. I hope they can be successful.

In the meantime, talking about helping the family farmer, I think it is very good to have a description of a family farm so we kind of know what we are talking about. I am going to give it the way I understand it in the Midwest, and not only in my State of Iowa.

But it seems to me there are three factors that are essential in a family farming operation: That the family makes all the management decisions; that the family provides all or most of the labor—that does not preclude the hiring of some help sometimes or maybe even a little bit of help for a long period of time; but still most of the labor being done by the family—

and, thirdly, that the capital, whether it is self-financed or whether it is borrowing from the local bank or from another generation within the family, is controlled by the family farmer—the management by the family, the labor by the family, and the capital controlled by the family.

Some people would say: Well, you have a lot of corporate farms. I do not know what percent, but we do have corporate family farms. But that is a structure they choose to do business in, especially if they have a multigenerational operation to pass on from one generation to the other and want to with a little more ease.

In addition, some people would say: Well, you have a lot of corporate agriculture. You might have a lot of corporate agriculture in America, but I do not see a lot of corporate agriculture, at least in grain farming in my State of Iowa—mainly because most corporate people who want to invest their money do not get the return on land and labor through grain production that they normally want for a return on their money. Of course, that strengthens the opportunity to family farm. But at least when I talk about the family farmer, that is the definition that I use.

In my State, the average family farm is about 340 acres. We have about 92,000 farming units in my State. By the way, if we do not get this agricultural economy turned around, we are going to have a lot less than 92,000 in a few months, as well.

Nationwide, there are about 2 million family farming operations with an average acreage of about 500 acres. So the average family farm size nationally is bigger than in my State. But remember, whether you farm 10,000 acres as a cattle farmer in Wyoming or 2,000 or 3,000 acres as a wheat farmer in Kansas or 350 as a corn, soybean, or livestock operation in my State of Iowa, it still is one job or maybe two jobs being created with all that capital investment.

Let me tell you, it takes a tremendous amount of capital—both machinery as well as land—to create one job in agriculture compared to a factory, and many times more than for a service job. So those are the family farmers I am talking about whom I want to protect.

Earlier in this debate there was some hinting about the problems of the farmers being related directly to the situation with the 1996 farm bill. I am not going to ever say that a farm bill is perfectly written and should never be looked at, but I think when you have a 7-year program, to make a judgment after 3½ years that it ought to be changed, then what was the point in having a 7-year program in the first place?

It was that we wanted to bring some certainty for the family farmer without politics meddling in their business. A 7-year program was better than a 4- or 5- or 6-year program. So we wanted to bring some certainty to agriculture.